

Message Text

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PAGE 01 STATE 174850
ORIGIN AF-10

INFO OCT-01 ISO-00 L-03 TRSE-00 EB-08 COME-00 PA-02
ICA-20 FMC-02 FAA-00 DOTE-00 CAB-05 CIAE-00
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FM SECSTATE WASHDC
TO AMEMBASSY LAGOS
INFO AMCONSUL KADUNA

UNCLAS STATE 174850

E.O. 11652: N/A

TAGS: EFIN, SOPN, NI

SUBJECT: PROPOSED PRESS RELEASE ON TERMINATION OF DOUBLE
TAXATION TREATY

A) LAGOS 8020; B) LAGOS 7919; C) LAGOS 7907; D) STATE
158825

1. DEPARTMENT OF THE TREASURY PROPOSES TO PUBLISH
FOLLOWING PRESS RELEASE UNLESS EMBASSY HAS SERIOUS
OBJECTIONS: BEGIN QUOTE: US NIGERIA INCOME TAX
CONVENTION TERMINATED - THE TREASURY DEPARTMENT ANNOUNCED
TODAY THAT NOTIFICATION HAS BEEN RECEIVED BY THE UNITED
STATES EMBASSY IN LAGOS, NIGERIA, OFFICIALLY INFORMING
THE UNITED STATES GOVERNMENT OF NIGERIA'S INTENTION TO
TERMINATE THE INCOME TAX CONVENTION PRESENTLY IN FORCE
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BETWEEN THE UNITED STATES AND NIGERIA. THE NOTICE OF
TERMINATION WAS DELIVERED UNDER THE TERMS OF ARTICLE
XXIV OF THE CONVENTION.

THE PRESENT CONVENTION IS THE US-UK INCOME TAX CONVENTION
OF 1945, WHICH WAS EXTENDED TO NIGERIA, AS A UK OVERSEAS
TERRITORY, IN 1959 AND CONTINUED IN FORCE AFTER NIGERIAN

INDEPENDENCE IN 1960.

UNDER ARTICLE XXIV, TERMINATION WILL HAVE EFFECT FOR NIGERIAN INCOME TAX PURPOSES FOR ANY YEAR OF ASSESSMENT BEGINNING ON OR AFTER APRIL 1, 1979. FOR UNITED STATES INCOME TAX PURPOSES, TERMINATION WILL HAVE EFFECT FOR TAXABLE YEARS BEGINNING ON OR AFTER JANUARY 1, 1979.

WHEN THE CONVENTION HAS BEEN TERMINATED, STATUTORY RULES IN BOTH COUNTRIES WILL APPLY IN PLACE OF THE TREATY RULES. THUS, FOR EXAMPLE, STATUTORY WITHHOLDING RATES ON DIVIDENDS AND ROYALTIES WILL APPLY IN PLACE OF THE EXEMPTIONS OR REDUCED RATES OF WITHHOLDING PROVIDED IN THE TREATY. SIMILARLY, RECIPROCAL EXEMPTIONS FOR SHIPPING AND AIRCRAFT COMPANIES WILL NO LONGER APPLY AFTER THE TERMINATION TAKES EFFECT. THE US HOPES TO SOON BEGIN NEGOTIATIONS WITH THE NIGERIAN GOVERNMENT IN ORDER TO CONCLUDE A NEW TAX AGREEMENT. UNQUOTE.

2. EMBASSY MAY INFORM FMG OF CONTENTS ABOVE AND STATE THAT IT WILL BE RELEASED SHORTLY.

3. USDOC WILL PLACE NOTICE IN COMMERCE AMERICA ALONG LINES OF PARA ONE. CHRISTOPHER

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NNN

Message Attributes

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